GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:3833
ANSWERED ON:13.12.2002
FOREIGN CURRENCY ACCOUNTS IN BANKS
AMBATI BRAHMANAIAH;ASHOK KUMAR PATEL;GADDE RAMAMOHAN;M.V.V.S MURTHI;PADAMSEN CHAUDHARY;RAMPAL SINGH;SHIVAJI VITHALRAO KAMBLE;SHYAMA SINGH;V. SAROJA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the RBI has recently permitted Indianresidents to operate foreign currency account in any of the licenced bank in the country;

(b) if so, the details of the scheme;

(c) the likely impact of this on foreign exchange reserves of the country;

(d) whether the residents who are frequently visiting to foreign countries are likely to be benefited therefrom;

(e) if so, the details thereof;

(f) whether an existing bank account can be used for holding foreign currency; and

(g) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) to (e) : Yes Sir. As a significant step towards further liberalization of foreign exchange facilities available to individual residents, the RBI has permitted a personresident in India, to open, hold and maintain with an Authorized Dealer in India a Foreign Currency Account known as Resident Foreign Currency (Domestic) Account.Foreign Exchange acquired from any of the following sources can be kept in this account by Residents:

(i) while on visit to any place outside India by way of payment for services;

(ii) from any person not resident in India and who is on a visit to India, in settlement of any lawful obligations;

(iii) by way of honorarium or gift while on a visit outside India.

(iv) from an authorized person for travel abroad and represents unspent amount.

This new facility is in addition to the existing facility of retaining US$2000 or its equivalent in the form of currency notes and/or foreign currency travellers cheques. The balance in Resident Foreign currency (Domestic) account may be used for any purpose permissible under the current foreign exchange regulations for resident Indians (e.g. travel, medical treatment abroad, gifts upto US$ 5000, purchase of books directly or through the internet, education abroad, etc.) It is too early to assess the impact on foreign exchange reserves. The Scheme will be reviewed after a year.

(f) and (g) : No. Sir. The operational requirement ofthe Resident Foreign Currency (Domestic) Account aredistinct from other existing schemes and therefore an existing bank account cannot be used.